

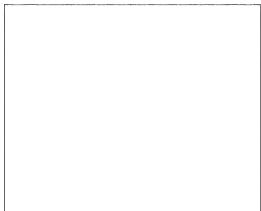
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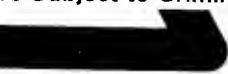
NATIONAL INTELLIGENCE DAILY CABLE

Monday 17 October 1977 CG NIDC 77/241C



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National Intelligence Daily Cable for Monday, 17 October 1977

The NID Cable is for the purpose of informing senior US officials.

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[redacted]

RHODESIA: Nkomo's Position

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[redacted] //Rhodesian nationalist leader Joshua Nkomo has increasingly occupied center stage in the Rhodesian settlement effort in recent weeks. Nkomo, who is benefiting from major weaknesses among all of his rivals, seems to be growing more confident about his prospects for becoming the leader of a Zimbabwe government. Nkomo's opponents are showing concern about his increasing strength, while the Smith government apparently has renewed its interest in involving Nkomo in a settlement.//

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[redacted] //Nkomo believes that the military strength of his Zimbabwe African People's Union puts him in a good position for the coming settlement talks under the UK-US proposals. He apparently feels that the frontline African presidents have accepted him as the leader of his Patriotic Front alliance with Robert Mugabe's Zimbabwe African National Union and that ZANU's continued internal problems will enable him to be the dominant voice in the settlement talks.//

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[redacted] //Realizing that he is not strong enough now to be assured of the top spot in a Zimbabwe government, Nkomo is moving cautiously and trying to keep his options open with regard to the settlement talks. ZAPU leaders are uncertain of their electoral strength inside Rhodesia and would prefer a solution that would give them effective power well before any election.//

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[redacted] //At the same time, ZAPU is beginning to consider methods of improving its political position. The group's Secretary General, Joseph Mzika, told US officials in Lusaka last week that while it is necessary to keep the momentum of the settlement effort going, a six-month transition period might not be long enough because Nkomo and others who have been in exile have much to do to prepare for elections.//

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[redacted] //Some ZAPU leaders are concerned because their support comes mainly from the minority Ndebele tribal group. They want to develop at least a temporary alliance with political figures inside Rhodesia from the majority Shona group, in order to ensure that Nkomo wins in an election. The ZAPU leaders believe that no coalition with Muzorewa's faction is possible because of deep enmity between Nkomo and Muzorewa, but that ZAPU might be able to join in a loose alliance with Sithole's followers.//

[redacted]

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//Some of Nkomo's rivals have become more concerned about Nkomo's strength as a result of Zambian President Kaunda's meeting with Rhodesian Prime Minister Smith last month.

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ZANU subsequently canceled further talks with ZAPU, which had been scheduled to begin this past weekend in Tanzania and would have been aimed at strengthening the fragile Patriotic Front alliance. //

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//Muzorewa's faction also suspects that the Kaunda-Smith meeting was designed to promote Nkomo's fortunes. Muzorewa raised the issue with a US official in London last week and warned that the UK and the US should not give undue influence to Nkomo. He also asserted that his faction should participate in military talks arranged by Lord Carver and General Prem Chand.//

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//Some followers of Muzorewa and Mugabe apparently favor an alliance between the two to block Nkomo's bid for power. There is no indication, however, that the two leaders themselves are actively considering such a coalition.//

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CUBA-MOZAMBIQUE: Closer Ties

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1/Mozambican President Machel's visit to Cuba last week may have resulted in Cuban pledges to provide additional military advisers.

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The chief of the Cuban Border Guard participated in the talks with Machel, suggesting that the defense of Mozambique's frontier was discussed. //

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//Cuba may have agreed to send some additional military advisers to help Mozambique improve its border defenses. It may also be willing to send a modest amount of arms and ammunition but probably expects the USSR or East European states to fill any major Mozambican requests.//

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Cuba's economic difficulties preclude it from providing large amounts of material aid //

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[redacted] //Machel, whose visit returned President Fidel Castro's trip to Mozambique in March, apparently has established a warm friendship with the Cuban leader, and Mozambique is rapidly becoming one of Cuba's closest allies in black Africa. There are an estimated 750 to 800 Cubans in the country now. Only Angola and Congo have more Cubans; most of the Cubans in Congo are involved in Angola-related operations.//

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[redacted] //The Cuban Government also has agreed to receive approximately 1,200 Mozambican high school students for a year of schooling in Cuba. About 1,000 arrived aboard a Soviet passenger ship just before the start of Machel's visit. The others are apparently traveling by air.//

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[redacted] //CIA believes that 450 to 500 of the Cubans in Mozambique are military advisers. (DIA believes that there are 500 to 600 Cuban military personnel in Mozambique, bringing the total Cuban presence to 800 to 900.)

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[redacted] //So far, there is no evidence that the Cubans have been involved in combat operations. Cubans are not likely to enter combat unless President Kaunda of Zambia and Tanzanian President Nyerere drop their opposition to the presence of foreign combat troops in Africa.//

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[redacted] //The remaining 300 Cubans in Mozambique are civilian advisers and technicians, including medical technicians, fishing and sugar specialists, agricultural experts, and transportation, construction, and communications technicians. Castro stated in a speech during Machel's visit that the number of civilians will increase to slightly more than 400. The additional 100 will probably travel to Mozambique before the end of the year. [redacted]

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SUDAN-USSR: Diplomat Expelled

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[redacted] //Sudan has ordered the Soviet Charge to leave the country by next Thursday.// The expulsion order follows a speech by President Numayri last Wednesday in which he denounced Soviet interference in Africa, especially the USSR's military support of Ethiopia.

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Relations between the two countries have been deteriorating in recent months largely because of the growing Soviet support for Ethiopia. In May, Sudan expelled all Soviet military advisers and ordered a major reduction in the size of the Soviet Embassy staff in Khartoum. The Soviets retaliated by recalling their Ambassador and expelling some Sudanese diplomats from Moscow.

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The Sudanese believe that Soviet backing of the Ethiopians, who provide support to Sudanese dissidents, is aimed in part at undermining Numayri's government and at striking a blow at Egypt through Sudan. Numayri consequently has been a willing partner in the concerted Arab effort to weaken Soviet influence in the Horn of Africa.

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In his speech last week, Numayri coupled his denunciation of Soviet policies in Africa with a renewed offer to facilitate a dialogue between the Eritrean guerrillas and the military regime in Addis Ababa. He may hope that his conciliatory gesture, in addition to promoting a solution to the Eritrean conflict, might encourage Ethiopia to diminish its reliance on the USSR.

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The Ethiopians ignored Numayri's offer, although they subsequently expressed guarded interest in restoring normal relations with Sudan. They also have shown no inclination to lessen their dependence on the USSR for military support.

DJIBOUTI: Fragile Government

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Serious ethnic and personal rivalries in Djibouti and the fighting between the new republic's two neighbors, Somalia and Ethiopia, are threatening to undermine the fragile government.

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The US Charge in Djibouti reports that power rivalries and personal jealousies are now besetting the cabinet. The first casualty could be the uneasy partnership between President Gouled, a member of the Somali-related Issa group, and Prime Minister Dini. The Prime Minister belongs to the Afar tribe, which has ties to Ethiopia.

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[redacted] Dini is reported to be chafing under Gouled's highly personal rule and has threatened on several occasions to resign. He is a longtime rival of Gouled's who joined his competitor in the ruling coalition because he had no alternative. He has been losing influence in the past few weeks.

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[redacted] Although his dispute with Gouled is primarily personal, Dini's departure from the government could result in a loss of Afar support for the coalition and risk aggravating the deep-seated antipathy between the two groups. It could also generate Afar suspicion that the Issa-dominated government is becoming too closely tied to Somalia, which has traditionally claimed the country.

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[redacted] Gouled, for this part, has attempted to resist Somali domination, but he knows he must maintain Somalia's support and cooperation. He has, for example, bowed to Somali pressure and for the past two months has curtailed shipments of fuel to Ethiopia from Djibouti.

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[redacted] Gouled's ability to act independently has been further limited by the presence in the government for the Front for the Liberation of the Somali Coast, a Somali puppet organization that acts as Mogadiscio's agent in Djibouti. He accepted the Front's participation in the government to gain Somalia's support for independence.

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[redacted] Before independence, the Front was a clandestine organization working to drive France from the territory. It now has legal status as a political party and holds several seats in parliament. It is also well represented in the armed forces, but some members continue to operate as guerrillas.

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[redacted] The Front is not the only well-armed group presenting a security threat to the country. Other ethnic-oriented organizations operating generally unhindered include the Western Somali Liberation Front and other groups fighting against Ethiopia, as well as domestic opposition groups that may be responsible for an arms cache discovered recently by the government north of the city of Djibouti.

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[redacted] The fighting between Ethiopia and Somalia has added to Djibouti's woes. The severance of the Djibouti - Addis Ababa railroad in June by the Western Somali Liberation Front has curtailed activity at the port of Djibouti and restricted other

[redacted]

aspects of commercial activity. The port and the railroad are the country's only important economic assets. The conflict in Ethiopia also has interrupted the customary flow of badly needed foodstuffs to Djibouti and triggered an influx of refugees who are taxing the new nation's meager resources.

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[redacted] Gouled seems to have initiated few domestic programs to deal with the country's serious problems and has had only limited success in acquiring new foreign aid. As political cohesiveness continues to be under strain, he may well prove incapable of balancing domestic interests and fending off pressures from Somalia and Ethiopia.

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[redacted] The country's unsettled conditions have helped generate rumors that both Ethiopia and Somalia are planning coups in Djibouti. We have no firm evidence to support these rumors, and we doubt that the Ethiopians or the Somalis, who are pre-occupied with their own conflict, would directly intervene in Djibouti at this time. Each country, however--and especially Somalia--has its own surrogates in Djibouti capable of acting if it sees the other side gaining the advantage. [redacted]

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USSR: Sakhalin Oil Discovery

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[redacted] A promising oil strike recently was made off the northeastern coast of Sakhalin. The president of the Sakhalin Oil Development Cooperation Company, the Japanese partner in the USSR-Japan joint venture, claimed that four test wells flowed at a combined rate of some 7,000 barrels per day of high quality crude oil. Current Soviet oil production in the Far East is 40,000 to 45,000 barrels per day.

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[redacted] The company hopes to start commercial production in four to five years. Current drilling activities in the area have been suspended until June 1978 because of severe weather conditions. Exploration off the southwestern coast of Sakhalin, meanwhile, is to start later this month. Preliminary estimates by the company put the size of deposits in both areas at 700 million barrels.

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[redacted] Any commercial output from the recent discovery will provide a boost for the USSR in the 1980s as oil production problems increase, even though half of the oil

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from any commercial production obtained from this joint venture is to be delivered to Japan for 20 years. In 1976, total Soviet oil production was at the rate of 10.4 million barrels per day. [redacted]

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POLAND-US: Financial Leaders

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[redacted] A delegation of Poland's top international financial officials led by Foreign Trade Minister Jerzy Olszewski is in Washington this week to discuss bilateral economic issues with the US. The delegation hopes to get commitments for sizable US credits to finance Polish purchases of US grain and will discuss the agenda for the next meeting of the US-Polish Joint Trade Commission.

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[redacted] Olszewski is likely to press Poland's search for large concessionary credits to finance agricultural purchases. Last month, Warsaw asked for a \$500-million to \$600-million credit from the US to finance such purchases in fiscal year 1978. Poland this year has had a poor grain harvest and serious hard currency balance-of-payments difficulties. Most of the credit would be used to buy 4 million to 5 million tons of US grain.

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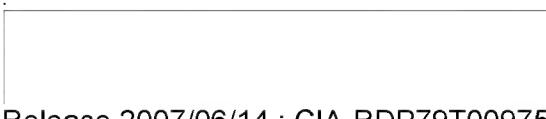
[redacted] Poland is also seeking credits of \$400 million to \$500 million annually for the next several years to finance additional agricultural purchases in the US. Warsaw ultimately would like to negotiate a long-term agreement with the US that would provide more generous credit terms than the 8-percent to 9-percent, 3-year credits now being granted by the US Commodity Credit Corporation.

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[redacted] Olszewski probably will make proposals for expanding US-Polish trade and economic relations while discussing the agenda for the seventh session of the Joint Trade Commission, to be held in Warsaw on 28 and 29 November. He will search for ways of boosting Poland's exports--particularly machinery and manufactures--to the US. Last year, large grain and feed purchases pushed the deficit with the US to \$550 million, the largest Poland had with any of its Western trading partners.

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[redacted] Accompanying Olszewski are Deputy Finance Minister Marian Krzak and the vice president of Poland's foreign trade



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bank, Jan Woloszyn. These officials have been given the task of explaining to US bankers and officials how Poland will handle its debt to the West, according to the US Embassy in Warsaw. Discussions may also take place on a possible Polish bid for membership in the International Monetary Fund as well as a reiteration of Warsaw's frustrations over US antidumping laws and Eximbank credit terms.

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PORUGAL: Eanes' Speech

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President Eanes, in a speech on Saturday at the opening of the national assembly's second session, upbraided the political parties for not taking seriously enough their responsibility to resolve the country's political and economic difficulties. Eanes threatened to take what actions he could within the limits of the constitution if the parties do not respond quickly, although he undoubtedly wants to avoid taking dramatic steps if possible. The speech came as pressures already were building on Socialist Prime Minister Soares to reach an accommodation with his political opponents in order to ensure the legislative majority his party needs to govern and quell rumors that his resignation is imminent.

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In the speech, Eanes called for a political agreement to end bickering among the parties, an understanding between workers and businessmen to support difficult economic measures, and the involvement of the entire country in the recovery process.

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Eanes made it clear he was tired of the parties wasting time on political squabbles. He said he had no intention of assuming the government's responsibility to come up with economic solutions nor the national assembly's responsibility to replace a government with which it is not satisfied. He affirmed his backing for the Soares government until the assembly denies it support.

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Eanes undoubtedly hopes his criticisms will push the parties into action; he would prefer not to risk his popular support by taking the burden for economic improvement on his own shoulders. Thus far, his prodding from behind the scenes has produced neither a political understanding nor a consensus on strong economic measures.

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[redacted] The President, like Soares and the Socialists, is losing political strength by not taking decisive stands. Eanes will probably continue his efforts to bring about a legislative agreement among the Socialists, the centrist Social Democrats, and the conservative Center Democrats that would enable the Soares government to remain in office.

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[redacted] Opposition criticism of the Socialists intensified last week when the foreign minister's surprise resignation showed the governing party to be weakened by dissension. Soares began meetings last week with opposition party leaders, but so far has been unable to soften their positions. His cancellation of trips to Spain and Japan scheduled for the next few weeks has increased speculation that more changes in the government--or possibly its replacement--are imminent.

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[redacted] Dwindling foreign reserves and criticism both from the opposition and from Socialist Party ranks are threatening Soares' ability to stay in power. He hopes that the President's continued support and a reorganization of the government, perhaps bringing in some independents, will attract the support he needs to continue governing.

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[redacted] All three opposition parties are angling for a role in a coalition government. The Center Democrats, however, say they would support a Socialist government bolstered by qualified independents so long as they can help draft the government program. Soares almost certainly could not come up with either a cabinet or a program to suit all three parties, but probably will try to work something out at least with the Social Democrats.

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[redacted] Social Democratic Party head Sa Carneiro is taking an extremely tough line; he would like to see Soares replaced and Eanes assume a larger role. Drawn-out negotiations between the two parties will only further delay work on urgent economic problems. As the balance of payments situation continues to deteriorate, the political opposition will press harder to gain more concessions from the beleaguered Socialists.

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[redacted] If Soares is forced to resign, both the Social Democrats and the Center Democrats would think twice before accepting power either singly or together without Socialist support to give them a majority. Their safest bet would be a government of members from the three parties acting as independents under

strong presidential leadership. The hard-pressed Communists are25X1 unlikely to play much of a role in the negotiations unless they can first prove that their control of labor and agriculture can still threaten a non-Communist government.

EC - ARAB STATES: Dialogue

25X1 [redacted] //The European Community has come a step closer to giving the "Euro-Arab dialogue"--the three-year-old institutionalized discussions on economic, technical, and cultural questions--the political dimension that the Arabs have always wanted. The political directors of the Nine agreed earlier this week, subject to approval in their capitals, to establish a "group for the exchange of views on political questions."//

25X1 [redacted] //The European decision does not meet all the Arab demands. The Arab participants in the dialogue have insisted on the creation of a "political committee" and have also called for ministerial-level meetings. The EC countries have been disappointed by the dialogue's lack of accomplishments--which they blame largely on the Arabs--and have said they will accept a ministerial meeting "only when the state of progress of the Euro-Arab dialogue would justify it."//

25X1 [redacted] //Other restrictions the Europeans will impose on the group that is to discuss political questions are that it meet only twice a year, that participation be "limited," that it not meet before the spring 1978 session of the Euro-Arab general commission, and that there be no negotiations.//

25X1 [redacted] //The European action nonetheless is a clear concession to Arab pressure. The Europeans had hoped that their statement in June on the Middle East, which allowed for a "homeland for the Palestinian people," would temporarily satisfy Arab demands for a favorable stand on the Arab-Israeli dispute and would contribute to the economic and technical aspects of the dialogue. The Nine apparently now think that adding a political side is necessary to keep the dialogue from becoming moribund. The Palestine Liberation Organization is represented in the Arab delegation to the dialogue.//

25X1 [redacted] //The general commission of the dialogue will meet in Brussels on 26-28 October, but no significant decisions are

expected. The community continues to see the dialogue as an additional means to maintain contact with the Arabs, and as a potential way to safeguard European interests in the event of political upheaval in the Middle East.

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BANGLADESH: Zia Dissolves Parties

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In a nationwide address Friday night, Bangladesh's president, General Ziaur Rahman, announced that he was dissolving three of the country's more active political parties. Zia charged the parties with "terrorism, foreign infiltration, and conspiracy" that contributed to the short but bloody military mutiny of 2 October. His move may also be related to plans he may have to establish a party of his own.

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According to press reports, the leaders of the three parties--the National Socialist Party, the Moscow-oriented Communist Party of Bangladesh, and the Democratic League--have been arrested by police and are being held without charges. The Government claims it has evidence to connect the leaders with the uprising.

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//The Socialists have been connected with antigovernment terrorist activities in the past, including previous mutinies. The Communists have frequently been accused of being tools of India and Moscow, and the former leader of the Democratic League--now serving a five-year jail sentence for corruption--is widely believed to have influence in some sections of the military. We have no evidence, however, that any of the parties instigated the 2 October uprising or that there was any foreign involvement in it.//

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Zia may believe that these parties, with Indian and Soviet backing, were involved with the mutineers, but he may also be looking for a scapegoat. He seems unwilling to acknowledge either privately or publicly that troops actually revolted against him.

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Zia has long despised politics and been suspicious of politicians. He is aware, however, that if he wants to remain in office he will probably have to enter the political arena. He has scheduled national elections for next year and is known to be contemplating establishment of his own political party.

based primarily on support from local officials he has been cultivating and on his undeniable popularity with the people. Zia may feel that the abolition of the Socialists, Communists, and Democratic League will smooth the entry of his party into politics.

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[redacted] This first severe challenge to Zia's rule since he took power in November 1975 apparently has led him to abandon his usual restraint and risk a strain in Bangladeshi-Indian relations, which have been steadily improving since the election of the new Indian Government last March. Zia has refrained from accusing any particular country of involvement in the mutiny, 25X1 but he has publicly condemned the anti-Bangladesh attitude of the Communist government of India's West Bengal state, which borders on Bangladesh. [redacted]

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Nigeria

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[redacted] In a weekend press conference before leaving the US, Nigerian Head of State General Obasanjo shed further light on the policies his government is developing to discourage foreign companies from doing business with South Africa. He declared that companies seeking to invest in Nigeria for the first time will not be allowed to do so unless they adopt a program of gradual withdrawal from South Africa. He emphasized that Nigeria has not yet formulated plans for dealing with multinational companies that have subsidiaries in both Nigeria and South Africa.

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[redacted] Obasanjo reiterated that Nigeria was gathering information and screening all foreign contractors and business firms for the purpose of discriminating against those that have relationships with South Africa. Nigerian embassies last week received a vaguely worded circular from Lagos announcing that firms doing business in or with South Africa would not be allowed to participate in the Nigerian construction industry or in service sectors. [redacted]

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India

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[redacted] Indira Gandhi's supporters failed this weekend in an attempt to install the former Indian Prime Minister as president of the Congress Party. At a party convention on Saturday, the party's current president, Brahmanandra Reddy--backed by Gandhi's opponents--refused to step aside. Gandhi had privately claimed that she would accept the presidency only by unanimous draft, and in a short and poorly received speech at the convention denied she sought the position at all.

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[redacted] In order to avoid a party split, Gandhi and her opponents have probably agreed on a division of power that will give her a major role in naming other party officers and choosing the party's candidates for next year's state elections. The discord between her supporters and opponents, however, may well hamper the party's efforts to reorganize and return to power following its overwhelming electoral defeat last March by the Janata Party. [redacted]

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